

## Message Text

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53

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02 H-02

PA-02 PRS-01 USIA-15 CIAE-00 COME-00 FRB-01 INR-07

NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 /101 W

----- 114900

R 191709Z DEC 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6917

INFO AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY LONDON

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS BONN 19505

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: ECON, EFIN, ELAB, ENRG, GW

SUBJECT: SLIGHT RELAXATION OF MONETARY POLICY - NEW

ECONOMIC PROGRAM APPROVED BY LEGISLATURE

REF.: BONN 19162, 19235 AND 19437

1. AT ITS DECEMBER 19 MEETING, THE CENTRAL BANK COUNCIL OF THE BUNDESBANK DECIDED TO LOOSEN MODERATELY ITS RESTRICTIVE MONEY POLICY. EFFECTIVE DECEMBER 20, BOTH THE DISCOUNT RATE AND THE RATE FOR LOMBARD CREDITS ARE TO BE REDUCED BY ANOTHER 1/2 OF A PERCENTAGE POINT TO 6 PERCENT AND 8 PERCENT, RESPECTIVELY. THUS, BOTH RATES HAVE NOW BEEN CUT BY A FULL PERCENTAGE POINT IN A TWO MONTHS TIME SPAN AFTER HAVING REMAINED UNCHANGED (7 PERCENT AND 9 PERCENT, RESPECTIVELY) FOR WELL OVER A YEAR.

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2. AS GENERALLY EXPECTED, THE FRG'S NEW PROGRAM

DESIGNED TO OVERCOME THE SLUMP SUMMARIZED IN REFTELS WAS  
PASSED BY BOTH THE BUNDESBANK AND THE BUNDESRAT ON  
DECEMBER 19. THE DRAFT LEGISLATION INVOLVED IS NOW  
READY TO BE SIGNED INTO LAW.

CASH

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, ECONOMIC PROGRAMS, GOVERNMENT EXPENDITURES, CENTRAL LEGISLATURE, MONETARY REFORM  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BONN19505  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740369-0869  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1974/newtext/t19741223/aaaaatrhl.tel  
**Line Count:** 67  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 74, 74 19235, 74 AND 19437  
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**Review Comment:** n/a  
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**Review Date:** 02 OCT 2002  
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30 JUN 2005

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**Secure:** OPEN  
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**Subject:** SLIGHT RELAXATION OF MONETARY POLICY - NEW ECONOMIC PROGRAM APPROVED BY LEGISLATURE  
**TAGS:** ECON, EFIN, ELAB, ENRG, GE  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005